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JULIA A. HILTON
Corporate Counsel
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September 3, 2013

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

Re: Case No. IPC-E-13-08
2012 Demand-Side Management Expenditures – Idaho Power Company's Reply Comments

Dear Ms. Jewell:

Enclosed for filing in the above matter are an original and seven (7) copies of Idaho Power Company's Reply Comments. In addition, enclosed in a separate envelope are an original and seven (7) copies each of **confidential** page 8 and **confidential** Attachment 2 of Idaho Power Company's Reply Comments. Please handle the confidential information in accordance with the Protective Agreement executed in this matter.

Very truly yours,

Julia A. Hilton

JAH:csb
Enclosures

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Attorneys for Idaho Power Company

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR A DETERMINATION OF 2012 DEMAND-SIDE MANAGEMENT EXPENDITURES AS PRUDENTLY INCURRED	CASE NO. IPC-E-13-08 IDAHO POWER COMPANY'S REPLY COMMENTS

Idaho Power Company ("Idaho Power" or "Company") hereby respectfully submits to the Idaho Public Utilities Commission ("Commission") its Reply Comments in the above-captioned proceeding.

I. INTRODUCTION

Idaho Power filed its Application on April 3, 2013, requesting that the Commission find that it prudently incurred $46,356,160 in demand-side management ("DSM") expenses in 2012, including $25,857,603 in Idaho Energy Efficiency Rider ("Rider") expenses, $6,019,109 in Custom Efficiency program incentive expenses, and $14,479,447 of demand response program incentive expenses. Both the Idaho

Conservation League ("ICL") and Commission Staff ("Staff") submitted comments on the Company's Application on August 20, 2013.

II. COMMENTS

ICL recommends the Commission find prudent Idaho Power's 2012 DSM expenses and provides additional suggestions on maintaining the overall suite of DSM activities. Idaho Power appreciates ICL's comments and suggestions.

Staff's Comments generally accept the Company's request. However, Staff recommends that the Commission deny the Company's request to recover incremental Rider-funded labor expenses for 2011 and 2012. Staff requests that the Commission make a finding on the specific 2012 year-end Rider balance. Staff also requests that the Commission direct Idaho Power to discuss with the Energy Efficiency Advisory Group ("EEAG") the impacts of new avoided costs and the Company's decisions related to its relationships with the Northwest Energy Efficiency Alliance ("NEEA") and CAES Energy Efficiency Research Institute ("CEERI"). Idaho Power focused its Reply Comments on issues where Staff requested Commission action. Because the Company does not respond to every issue raised by Staff; silence on an issue should not imply agreement.

A. The Commission Should Approve Idaho Power's Rider-Funded Labor Expenses Because It Is Appropriately Reviewed in This Case and the Evidence Supports That It Was Prudent.

Staff recommends the Commission deny the Company's request to recover $263,412 in incremental Rider-funded labor expenses incurred in 2011 and 2012. Staff bases this recommendation on its position that Rider-funded labor expenses are only appropriately reviewed in a general rate case and its assertion that the Company's evidence does not support incremental Rider-funded labor increases.

1. Rider-Funded, Labor-Related Expenses Are Appropriately Reviewed in This Case.

In Commission Order No. 32667, the Commission found that the Company did not provide sufficient evidence to assess the reasonableness of the increase in Rider-funded, labor-related expenses. The Commission found "the Company may, but need not, wait until a general rate case to provide such supporting information." *In re Application of Idaho Power Co.*, IPC-E-12-15, Order No. 32667 at 9 (October 22, 2012). Upon reconsideration, the Commission held to its position deferring recovery of increases in 2011 Rider-funded labor expenses, based upon a later assessment of additional evidence to support a finding. *In re Application of Idaho Power Co.*, IPC-E-12-15, Order No. 32690 at 4 (December 11, 2012). Notably, the Commission's finding in Order No. 32690 did not concur with Staff's argument that these expenses are appropriately reviewed in a general rate case. The Commission's Order No. 32690 followed its earlier holding that the Company need not wait for a general rate case to address the Rider-funded, labor-related expenses. Nonetheless, Staff continues to assert that these expenses are not appropriate for these annual proceedings and that Rider-funded labor expenses should be capped at 2010 levels until the Company's next general rate case.

Staff disregards the Commission's Order Nos. 32667 and 32690 allowing for presentation of evidence supporting the prudence of Rider-funded labor increases and again contends that review of labor expenses should take place under the perceived heightened scrutiny of a general rate case. The Company disagrees that a general rate case provides a heightened level of scrutiny than can be achieved through a stand-alone prudence review docket. In the Company's 2008 general rate case, Staff independently recommended that the Commission defer its determination of prudence on DSM expenses because Staff believed there was not yet adequate information to make such a determination. DI Anderson at 4:5, *In re the Application of Idaho Power Co. for Authority to Increase Rates*, IPC-E-08-10 (October 24, 2008). In making this recommendation, Staff noted that a filing for a determination of prudence could occur within a general rate case, a tariff rider application, or a stand-alone application. *Id.* at 12:9. Since that case, the Commission has successfully and effectively reviewed DSM-related expenses outside of a general rate case on a stand-alone basis.

Review outside of a general rate case is superior in that it provides for thorough review of one issue. It also allows additional time to investigate and review evidence put forth in support of that issue. The analyses provided in this case regarding 2011 and 2012 DSM labor expenses are more comprehensive and detailed than labor information provided during past general rate case proceedings. In past general rate case proceedings, the Company has not singled out a group of employees and analyzed each position's total compensation to the degree that occurred in this case for Rider-funded members of the DSM group. The analyses prepared by the Company directly address the Commission's order to provide additional evidence to support its request for recovery of the increase in 2011 and 2012 Rider-funded labor. Staff and other interested parties have had over four months to review the Company's filing and perform discovery and analysis to the level of rigor they believe is necessary.

Staff asserts, and the Company agrees, that "DSM Rider-funded labor expenses should be treated like the Company's other labor expenses." Comments of the Commission Staff at 7, *In re Application of Idaho Power Co.*, IPC-E-13-08 (August 20, 2013) ("Staff Comments"). Staff incorrectly concludes that capping Rider-funded labor expenses at 2010 levels until the next general rate case would achieve that objective.

In support of its proposal to cap Rider-funded labor expenses, Staff incorrectly states that "overall level of wage recovery remains constant" after base rates are set. Staff Comments at 7. With base rates, the Commission approves a level of recovery to be used in the rate setting process; however, once the approved base rates are implemented, actual costs and revenues may be different as a result of many factors. For example, if energy sales growth occurs following a rate case, the level of overall revenue (or cost recovery) also grows. Under this scenario, the Company may have an opportunity to sufficiently match growth in revenue with growth in labor costs without filing a general rate case. Unlike costs recovered through base rates, prudently incurred DSM-related expenses are tracked dollar-for-dollar for 100 percent recovery through the DSM Rider balancing account. Therefore, if the Commission were to adopt Staff's recommendation to cap Rider-funded labor expenses until the next general rate case, the Company would not be provided an opportunity to match revenue with Rider-funded labor costs between rate cases in a manner that exists with base rate-funded labor costs. Furthermore, under this treatment, the Company would be assigned all of the increased costs associated with Rider-funded, labor-related increases, while customers would receive 100 percent of any cost savings.

Staff also suggests that by capping the Rider-funded labor expenses at 2010 levels until the next general rate case, the Company would have the same incentive to keep labor costs down as it does for all other labor costs. Staff believes that because Rider-funded labor costs are tracked and recovered dollar-for-dollar, the Company does not have an incentive to keep Rider-funded labor expenses low. This line of reasoning may hold weight if the Company made decisions regarding Rider-funded employee compensation independently from the rest of the Company's workforce, but the

Company does not. As noted in the Direct Testimony of Timothy E. Tatum, the Company reviews and adjusts its employee compensation levels annually for its entire workforce to ensure that it remains competitive in the marketplace. DI Tatum at 9:6-17:4, *In re the Application of Idaho Power Co.*, IPC-E-13-08 (April 3, 2013) ("DI Tatum"). If an adjustment in wages and salary structure is supported by market data, the Company adjusts the salary structure for all employees, including Rider-funded employees. Therefore, the incentives that Staff points out that exist for keeping labor costs down for the base rate-funded employees naturally extend to Rider-funded employees. Capping Rider-funded labor expenses at 2010 levels would effectively disconnect the compensation for DSM employees from the Company's market parity goals. It would create a situation where Rider-funded employees would be treated differently than the rest of the Company's workforce, which may have negative impacts on the Company's ability to attract and retain the skilled and passionate DSM professionals Staff praises. *See* Staff Comments at 8.

Staff's capping proposal was rejected by this Commission in Order No. 32667 and should be rejected again because it is inequitable and does not achieve the same treatment of labor expenses between the Rider and base rates.

2. Idaho Power's Wage Analysis Was Complete and Accurate.

Staff criticized the Company's wage analyses, asserting that the Company's peer group was incorrect in its compensation benchmarking analysis and alleging that the Company failed to adjust for regional price parities ("RPP"). Staff Comments at 7.

Peer Group. The Company utilized data from Towers Watson to perform a compensation benchmarking analysis for the years 2009-2012 that compared the total compensation of the majority of Idaho Power's Rider-funded employees to the total compensation for similar positions at other utilities. Staff points out that the Company's revenues only recently grew to over $1 billion and, Staff asserts, that the Company ignores that it falls between the two revenue categories of less than $1 billion and between $1-3 billion. Staff Comments at 7. However, this misstates the information in the benchmarking analysis. The Company fully acknowledges in this case that its revenue only recently put it into the $1-3 billion revenue category and due to this, the Company utilized **both** sets of data in its benchmarking analysis. DI Tatum, Confid. Ex. 2 at 13-22.

The Company maintains this approach of utilizing both sets of data was appropriate for the benchmarking analysis because the median revenues of the companies participating in the less than $1 billion and $1-3 billion categories are $549 million and $1.686 billion, respectively, for an average of $1.118 billion. This average is very close to the Company's 2012 revenues of $1.075 billion. It should be noted that the Company's compensation-setting process recognizes that Idaho Power's revenues tend to be lower, as compared with other companies of similar size and complexity, due to its comparatively low electricity prices, further supporting the use of these two revenue categories.

It is also important to recognize that Idaho Power is a publicly traded company, and only 28 percent of the companies in the less than $1 billion category are publicly traded. There are many more publicly traded companies in the $1-3 billion category (64 percent), which are similar to Idaho Power in terms of disclosure, filing responsibilities, and other requirements of publicly traded entities.

Finally, as illustrated by the 2012 Senior Engineer data in the Company's benchmarking study, a larger revenue category does not necessarily mean that the market wage data will be higher. In this example, the less than $1 billion category total compensation for a Senior Engineer is [redacted] while total compensation for the same position in the $1-3 billion category is [redacted]. Because there can be a great deal of variability between revenue categories, as well as between years, the Company believes that reviewing both revenue categories over a multiple-year period is prudent.

Regional Price Parities. Staff also claims that the Company's evidence does not adjust for RPPs. Staff Comments at 7. As Staff notes, RPPs measure the difference in the price levels of goods and service across states and metropolitan areas for a given year. *Id.* RPPs are calculated using data from the United States Bureau of Labor Statistics' Consumer Price Index ("CPI") program and the United States Census Bureau's American Community Survey ("ACS"). The Company believes there is an important philosophical difference between "cost of living" as measured by RPP, CPI, and ACS and "cost of labor," which is what a particular industry or market offers as compensation for a specific type of work. The Company does not believe it is appropriate to use an RPP or other cost of goods measure for pricing jobs competitively. Rather, the Company believes it is important to respond to the competitive movement of pay levels in the energy services labor market in order to attract and retain a skilled workforce. As noted in the Direct Testimony of Timothy E. Tatum, this market is represented by Idaho Power's intermountain utility peers for craft positions, and energy services companies at or near Company revenues for professional employees, for whom Idaho Power competes nationally. DI Tatum at 13 and 17.

With a workforce older than any other industry and a shortage of skilled craft workers, the energy services sector experiences wage increases slightly above national averages. To ensure that Idaho Power customers continue to receive safe, reliable, and fair-priced electric service at customer service levels customers have come to expect, it is imperative that the Company maintain wage levels that are competitive with peer utilities and service companies so that it can attract and retain workers with critical skills. Many of the Company's positions require years of training investment, and increased turnover resulting from non-competitive wages would negatively impact Company operations and customer service.

3. **The Company's Wage Increase Was Based Upon Accurate Information Available at the Time.**

Staff claims that the Company's 2012 wage increase was based upon a flawed understanding of other entities' wage and salary information. Staff Comments at 7. In making this assertion, Staff points to the Company's response to Staff's Production Request No. 47 in which they requested the Company to "provide all materials presented to the Compensation Committee of the Board of Directors that assisted them in determining the amount of pay increases." Staff Comments at 7. In its response, the Company provided a confidential spreadsheet illustrating the annual pay increases for several regional utilities, local businesses, and State of Idaho employees that was presented to the Idaho Power Board of Director's Compensation Committee for its review as they considered the **2013** general wage adjustment. The wage increase at issue in this docket is limited to the 2011 and 2012 Rider-funded labor expenses and does not include an evaluation of a 2013 general wage adjustment. The confidential spreadsheet Staff criticizes does not relate to the years at issue in this case.

Furthermore, Staff's evaluation of the spreadsheet and subsequent recommendation to deny prudence appears hasty without a thorough vetting of the issues identified. First, Staff alleges that the spreadsheet is inaccurate because the

State of Idaho pay increase of three percent did not occur. This information was obtained from the fiscal year 2013 Report to the Governor on State Employee Compensation and Benefits. This report is attached as Attachment 1 to these Reply Comments. This document included a recommendation of a three percent pay increase and was the only document available for comparison when the Company's general wage adjustment information was prepared in November 2012. It is true that the Idaho Legislature ultimately approved a two percent ongoing increase for all permanent state employees who were performing satisfactorily. Additionally, state agencies were directed to use salary savings, if available, for additional merit pay for permanent and temporary employees rather than the three percent recommended. However, the state's ultimate decision should have no bearing on the prudency of the 2011 and 2012 Rider-funded labor increases. The Company reviewed the state or local company wage data, but did not rely on the information to market-price jobs or make general wage adjustment determinations. Rather, the Board of Director's Compensation Committee based its recommendation on competitive market adjustments of other energy services companies, particularly the Company's intermountain utility peers.

Second, Staff asserts that Avista Corp's ("Avista") non-union general wage adjustment is overstated in the confidential spreadsheet. Staff Comments at 8. It is the Company's understanding that Avista's non-union compensation program differs from Idaho Power's in several respects. Avista adjusts its salary structure annually, but this adjustment is not considered a general wage adjustment because employee compensation is not increased as a result of this change to the structure. Instead, the structure is adjusted and, separately, a merit increase pool is established to provide employee compensation adjustments. This merit increase figure more closely aligns with the Company's general wage adjustment, as all employees are eligible and this is the amount by which compensation is actually adjusted. The merit figures for each of the years in question, which were obtained directly from Avista, are contained in confidential Attachment 2 to these Reply Comments.

Another notable program difference is that the top of each grade of Idaho Power's salary structure equates to the 50th percentile of market wages and Avista's non-union structure allows employees to reach compensation above these levels, which is common to most salary structures. It is a prevalent salary structure practice to establish a maximum rate 20-25 percent above a market or policy rate to allow employees to earn salaries above the 50th percentile of market wages. Idaho Power, however, uses a much more conservative approach than most companies, using the median market or policy wage as the maximum or step 13 of each grade within the Company salary structure. The approach used by Idaho Power ensures that compensation will not exceed the market wage for a position. The Company's conservative salary structure approach should be taken into consideration when comparing general and merit wage increases.

Third, Staff claims that the Company failed to include PacifiCorp's non-union labor increase in the spreadsheet. Staff Comments at 8. The Company did not include this information because it did not have access to the information. The Company utilizes collective bargaining agreement information for craft employees. However, for non-union employee data, Idaho Power often relies upon contacts at peer utilities. Unfortunately, since 2011, Idaho Power has been unable to establish a relationship with colleagues at PacifiCorp that can provide the requested information. However, the Company believes that the omission of one additional increase at a neighboring utility, in light of Staff's criticisms of Idaho Power's wage increase, should not negate the validity and completeness of the other analyses that the Board of Director's Compensation Committee reviewed.

B. Staff May Have Miscalculated Its Recommended Ending Rider Balance.

The Company believes Staff has made some computational errors in determining its 2012 Staff recommended ending balance of $3,812,769. Staff Comments at 4, Table. It appears that Staff used 2012 expenses of $(25,739,188) and then applied an adjustment of $(227,853) resulting in net expenses of $(25,967,041). The Company believes that Staff added this adjustment amount to the reported expenses when, in fact, the adjustment should have decreased expenses because this adjustment represents 2012 expenses that Staff and/or the Company had identified for possible disallowance. Additionally, the beginning 2012 Rider balance of $(5,321,997) included $89,601 related to the 2011 Rider-funded labor increase, which the Company believes is a prudent expense. However, since Staff argues that this increase should not be deemed prudent, it should have been reflected in Staff's recommended ending balance. Based upon this information, the Company believes Staff's calculation of the Rider balance as of December 31, 2012, should be as follows:

Company Reported 2012 Beginning Balance	$(5,321,997)
2012 Funding Plus Accrued Interest	35,101,807
Total 2012 Funds	29,779,810
2012 DSM Expenses	(25,739,188)
Adjustments	227,853
2011 Rider Labor Increase	89,601
2012 Staff Recommended Ending Balance	$4,358,076

Regardless of Staff's calculations, the Company believes that it is appropriate for the Commission to focus on the prudent expenditure of funds rather than the ending balance.

C. The Company Properly Implemented Its Demand Response Programs and Promptly Responded to Changes in the Integrated Resource Plan ("IRP") That Impacted Those Programs.

Staff alleges that the Company should have notified stakeholders earlier of its request to temporarily suspend its demand response programs in Case No. IPC-E-12-29. Staff Comments at 9. Staff critiques the Company's increased amount of demand response and alleged minimal program dispatch. *Id.* Staff also theorizes that the Company knew the results of the IRP Load and Resource Balance Analysis ("Load and Resource Balance") prior to its finalization and alleges that the Company should have used that information to minimize investment in its demand response programs. *Id.*

The Company could not have notified stakeholders any earlier of its application to temporarily suspend demand response programs because it did not have final results of the Load and Resource Balance. The Load and Resource Balance was finalized in June just prior to the Integrated Resource Planning Advisory Council ("IRPAC") portfolio design workshop held on November 30, 2012. Idaho Power shared this information with the EEAG on December 5, 2012, three business days after the Load and Resource Balance analysis was finalized and presented to the IRPAC. While the Company understands the Staff's desire to have all Company information immediately, the Company moved as quickly as possible once the impacts were known.

Staff alleges it noticed an "ever increasing amount of demand response capacity and minimal program dispatch in 2011 and 2012." Staff Comments at 9. Idaho Power's actions were based upon direct Commission orders. Idaho Power proposed to limit participation in the Irrigation Peak Rewards program to better align the program with capacity needs. *In re the Application of Idaho Power Co.*, IPC-E-10-46, Order No. 32200 at 11. The Commission found "that adding language to limit participation is not necessary, and could unduly discourage participation." *Id.* This is in line with the Commission's consistent "directive to pursue all cost-effective DSM programs." *In re Application of Idaho Power Co.*, Order No. 32667 at 9.

The Company also disagrees that demand response program dispatch has been minimal. In 2011, the Company utilized its A/C Cool Credit program and FlexPeak Management program fourteen times. In 2012, the Company utilized its A/C Cool Credit program thirteen times and FlexPeak Management program four times. The Irrigation Peak Rewards program was not dispatched because resources were able to meet system peak demands, energy prices were low, and there were no system emergencies during the summer. Demand response programs are designed to be dispatched only during extreme loads when other resources are unavailable; therefore, they may not be needed every year.

Staff theorizes that the Company should have known of the results of the 2013 Load and Resource Balance analysis prior to its finalization and further alleges that the Company could have used this information to limit its investment in replacement switches in the A/C Cool Credit program. As the Company addressed earlier in this section, it acted as soon as possible once the results of the Load and Resource Balance were finalized. It would have been premature for the Company to make demand response program decisions prior to the completion of the relevant IRP analyses.

D. Idaho Power Will Discuss 2013 DSM Alternative Costs at the September 18, 2013, EEAG Meeting.

Staff asks the Commission to order the Company to convene an EEAG meeting to discuss the impacts of changes in DSM alternative costs on its energy efficiency portfolio. Staff Comments at 11. Idaho Power has addressed this issue with

Commission Staff on several occasions, including the November 2012 and May 2013 EEAG meetings. The calculation of the DSM alternative costs using the IRP preferred portfolio is one of the last steps in the preparation of the IRP and, as a result, the Company did not have the 2013 DSM alternative costs finalized until shortly before the 2013 IRP was completed and filed in June 2013. The Company has committed to discussing the 2013 DSM alternative costs and the impacts that these costs may have on its energy efficiency programs in the September 18, 2013, EEAG meeting. *Minutes of EEAG Meeting* (May 23, 2013). The Company believes it is unnecessary for the Commission to order the Company to take action that it has previously committed to and communicated this commitment to Staff and members of the EEAG.

E. <u>Discussions About Future DSM Expenditures Are Not Appropriate to Address in This Proceeding</u>.

Staff requests that the Commission order the Company to convene a collaborative discussion with EEAG regarding the Company's relationships with NEEA and CEERI. Staff Comments at 14-15. Staff disagrees with the Company's decisions relating to NEEA and CEERI and seeks to use this docket to obtain justification for those Company decisions. Idaho Power believes that the scope of this docket is limited to the assessment of whether the 2011 Rider-funded labor increase and 2012 DSM expenditures were prudently incurred. Idaho Power is required to develop and implement cost-effective DSM programs and, at times, details of how and where future DSM expenditures may occur are brought before this Commission. However, those issues are not before the Commission in this case.

III. <u>CONCLUSION</u>

Idaho Power has conformed to the spirit and the letter of the guidelines of the Memorandum of Understanding signed by Staff and Idaho's investor-owned utilities in

January of 2010 and has provided evidence that the Company's DSM expenses were prudently incurred. For the reasons set forth above, Idaho Power requests that the Commission find that the Company prudently incurred $46,356,160 in DSM-related expenditures, which amount includes $25,857,603 in Rider funds, $6,019,109 in Custom Efficiency program incentive payments, and $14,479,447 of demand response incentive payments. The Company requests that the Commission limit its order in this case to a determination of whether its 2012 DSM expenditures were incurred prudently.

Respectfully submitted this 3rd day of September 2013.

JULIA A. HILTON
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 3rd day of September 2013 I served a true and correct copy of IDAHO POWER COMPANY'S REPLY COMMENTS upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff	_X_ Hand Delivered
Karl T. Klein	____U.S. Mail
Deputy Attorney General	____Overnight Mail
Idaho Public Utilities Commission	____FAX
472 West Washington (83702)	_X_ Email Karl.Klein@puc.idaho.gov
P.O. Box 83720	
Boise, Idaho 83720-0074	
Idaho Conservation League	____Hand Delivered
Benjamin J. Otto	_X_ U.S. Mail
Idaho Conservation League	____Overnight Mail
710 North Sixth Street	____FAX
Boise, Idaho 83702	_X_ Email botto@idahoconservation.org

Christa Bearry

Christa Bearry, Legal Assistant

BEFORE THE

IDAHO PUBLIC UTILITIES COMMISSION

CASE NO. IPC-E-13-08

IDAHO POWER COMPANY

ATTACHMENT 1

Report to the Governor

State Employee Compensation & Benefits

FY 2013
Change in
Employee
Compensation & Benefits
Report

Division of Human Resources
Department of Administration

Table of Contents

INTRODUCTION

The Change in Employee Compensation (CEC) report is an annual report on the state of employee compensation prepared by the Division of Human Resources. The report also includes information from the Department of Administration on employee benefits. This year's CEC report is concise with more detailed information supplied in the appendices and a glossary.

The State of Idaho is entrusted by its citizens to attract and hire employees who have the knowledge, skills, and abilities to promote responsible government. To retain these employees requires Idaho to maintain a competitive compensation package.

Both the Executive and Legislative Branches of government value State employees and recognize the need to fund an appropriate level of compensation on an annual basis. The Governor has shown support for increasing State employees' salaries to ensure that salary compensation and employee benefits more closely align with those of our private sector and other public sector competitors.

As a context for the FY 2013 recommendations, economic conditions have been considered in addressing compensation and benefits for Idaho State employees.

WORKFORCE DATA

Total Number of Employees:

The number of classified employees as of October 2011 is 12,604, a decrease of 93 employees compared to the number of classified employees in October 2010. The number of non-classified employees (excluding higher education and temporary staff) as of October 2011 is 2,114, a decrease of 46 employees compared to the number of non-classified employees in October 2010 (See Appendix A).

Compa-ratio:

Compa-ratio helps decision makers assess how employees are paid in relation to the policy pay rate. In October 2011, the classified statewide compa-ratio was 82.8% and the average classified hourly pay rate was $18.98. Both of these figures are lower than the October 2010 numbers with a statewide classified compa-ratio of 83.4% and an average classified hourly rate of $19.08 (See Appendix B). The current salary structure has not changed since 2009, therefore the compa-ratio figures are based on the 2009 salary survey comparisons with the external labor market.

Turnover Rate:

The FY 2011 total turnover rate is 12.1%, which includes all separations, compared to FY 2010 total turnover rate of 12.8% (See Appendix C). The average length of service for total turnover is 9.8 years.

The FY 2011 voluntary turnover rate is 4.7%, compared to FY 2010 voluntary turnover rate of 4.8% (See Appendix D). The average length of service for voluntary turnover is 5 years.

SALARY AND BENEFIT RECOMMENDATIONS

As directed by Idaho Code 67-5309C, this report is required to include funding recommendations for the following: Salary Structure Adjustments, Specific Occupational Inequity (Payline Exceptions), Merit Increases, and the Employee Benefit Package.

The recommendations are:

- Maintain the current salary structure (See Appendix E). As a result of a pay practices survey of 9 states completed for FY 2012, Arizona, Colorado, Montana, New Mexico, Utah, and Wyoming did not adjust their salary structures, while Oregon and Washington did adjust their salary structures. Nevada did not respond to the survey.

- Maintain the current employee benefit package (See Appendix F).

- Continue the job classifications that are currently on payline exception to address specific recruitment or retention issues (See Appendix G).

- Provide funding for a merit based 3% increase in each agency personnel budget, for a total investment of approximately $15 million to the General Fund and $17.9 million to all other funds combined. The proposed 3% increase is an opportunity to acknowledge the contributions of our valued employees. The FY 2013 revenue projections show a slow but steady recovery. With these economic conditions, this also provides a balanced and sustainable methodology for employee compensation. The following further supports this recommendation:

    - 2011 salary surveys indicate State employees' salaries are on average 18.6% below the external labor market.

    - The last CEC was appropriated in FY 2009.

    - The proposed 3% increase is intended to retain and move high performing employees closer to policy pay rate.

Appendix A

AGENCIES WITH ONE OR MORE CLASSIFIED EMPLOYEES

• Accountancy Board	• Hispanic Commission	• Parks and Recreation, Dept of
• Administration, Dept of	• Historical Society	• PERSI
• Agriculture, Dept of	• Human Resources, Division of	• Pharmacy Board
• Boise State University	• Idaho State University	• Prof Engineers and Land Surveyors Board
• Brand Inspector	• Independent Living Council	• Professional -Technical Education
• Building Safety, Division of	• Industrial Commission	• Public Television
• Central Health District IV	• Insurance, Dept of	• Public Utilities Commission
• Comm -Blind and Visually Impaired	• Juvenile Corrections, Dept of	• Racing Commission
• Commerce, Dept of	• Labor, Dept of	• Real Estate Commission
• Commission for Libraries	• Lands, Dept of	• Soil and Water Conservation
• Commission on Aging	• Lava Hot Springs Foundation	• South Central Health District V
• Correction, Dept of	• Lewis - Clark State College	• Southeast Health District VI
• Dentistry Board	• Liquor Division	• Southwest Health District III
• Eastern Idaho Health District VII	• Lottery	• State Police
• Eastern Idaho Technical College	• Medicine Board	• Tax Appeals Board
• Education Board	• North Central Health District II	• Tax Commission
• Endowment Fund Investment Board	• Nursing Board	• Transportation, Dept of
• Environmental Quality, Department of	• Occupational Licenses	• Veterans Services, Division of
• Finance, Department of	• Office of Energy Resources	• Veterinary Medicine Board
• Financial Management, Division of	• Outfitters and Guides Licensing Board	• Vocational Rehabilitation, Division of
• Fish and Game, Department of	• Panhandle Health District I	• Water Resources, Dept of
• Health and Welfare, Dept of	• Pardons and Parole Commission	

AGENCIES WITH ONLY NON-CLASSIFIED EMPLOYEES

• Arts, Commission on the	• House of Representatives	• Species Conservation, Office of
• Attorney General, Office of the	• Judicial Branch	• State Appellate Public Defender
• Code Commission	• Legislative Services Office	• State Insurance Fund
• Controller, Office of the State	• Lieutenant. Governor, Office of	• Supt of Public Instruction
• Correctional Industries	• Military Division	• Treasurer, Office of the State
• Drug Policy, Office of	• Secretary of State, Office of	• University of Idaho
• Governor, Office of the	• Senate	• Women's Commission

Total Number of State Agencies = 86 *(Classified 65; Non-Classified 21)*

Appendix B

Classified Employees' Compa-ratio by Agency - 10/31/2011

Note: sorted alphabetically by Agency

Agency Name	Compa-Ratio 10/22/2010	Compa-Ratio 10/31/2011	Average Pay Rate	Average Policy Rate	Number of Classified Employees	Average Years of Service
Accountancy Bd	88.9%	93.2%	$18.02	$19.33	2	22.2
Administration	87.9%	87.1%	$19.58	$22.49	122	11.9
Agriculture	80.1%	79.6%	$21.29	$26.75	162	12.6
Boise State University	79.9%	79.3%	$13.43	$16.94	570	10.3
Brand Inspector	83.3%	83.1%	$16.00	$19.24	28	14.3
Building Safety	89.3%	89.0%	$21.00	$23.61	95	10.7
Central Health District IV	88.3%	89.8%	$19.43	$21.65	108	9.4
Comm-Blind & Visually Impaired	83.9%	84.5%	$19.02	$22.50	38	11.8
Commerce	80.0%	78.5%	$19.87	$25.33	44	8.7
Commission For Libraries	80.3%	80.8%	$18.26	$22.59	35	11.7
Commission on Aging	86.5%	88.3%	$23.70	$26.85	9	9.4
Correction	77.0%	76.4%	$17.27	$22.60	1499	8.2
Dentistry Bd		99.7%	$14.33	$14.37	1	0.9
Eastern Idaho Health District VII	84.2%	84.3%	$18.98	$22.51	81	10.8
Eastern Idaho Tech College	87.3%	85.9%	$14.36	$16.70	39	9.1
Education Bd	74.9%	76.3%	$14.75	$19.33	2	2.1
Endowment Fnd Investment Bd	102.3%	102.3%	$23.99	$23.44	2	25.7
Environmental Quality	80.4%	80.0%	$24.21	$30.27	317	12.5
Finance	86.1%	85.7%	$24.34	$28.41	57	10.2
Financial Management	111.9%	114.2%	$27.24	$23.85	2	28.8
Fish & Game	83.9%	83.6%	$22.01	$26.32	541	14.3
Health & Welfare	83.0%	82.6%	$20.37	$24.67	2647	10.3
Hispanic Commission	78.5%	78.5%	$15.17	$19.33	1	11.1
Historical Society	83.4%	83.4%	$19.22	$23.05	38	12.3
Human Resources	82.4%	80.0%	$23.56	$29.46	9	13.6
Idaho State University	79.3%	78.4%	$13.16	$16.79	612	9.8
Independent Living Council	77.7%	88.5%	$18.71	$21.14	3	6.0
Industrial Comm	81.6%	80.9%	$15.00	$18.53	77	10.1
Insurance	81.7%	81.6%	$18.98	$23.28	56	9.7
Juvenile Corrections	80.8%	79.8%	$17.19	$21.54	383	9.0
Labor	83.5%	83.0%	$20.47	$24.66	626	12.0
Lands	81.9%	81.5%	$22.07	$27.07	237	13.7
Lava Hot Springs	89.0%	87.8%	$12.64	$14.39	12	7.2
Lewis-Clark State College	81.3%	80.3%	$12.96	$16.14	132	9.6
Liquor Division	86.4%	85.5%	$14.28	$16.71	192	9.0
Lottery	87.9%	88.6%	$14.26	$16.10	11	9.2
Medicine Bd	82.1%	81.2%	$13.83	$17.03	7	13.5
North Central Health District II	84.8%	85.0%	$19.02	$22.37	42	9.8
Nursing Bd	91.7%	95.8%	$15.18	$15.85	5	18.1
Occupational Licenses	80.9%	80.3%	$16.00	$19.92	32	10.4
Office of Energy Resources	97.1%	105.3%	$17.41	$16.54	1	30.3
Outfitters & Guides	84.0%	84.0%	$13.11	$15.61	4	8.1
Panhandle Health District I	83.8%	83.6%	$19.13	$22.89	106	10.2
Pardons & Parole Comm	73.8%	73.4%	$17.63	$24.01	28	10.1
Parks & Recreation	78.4%	77.9%	$18.39	$23.60	136	13.1
PERSI	82.3%	82.0%	$18.04	$22.00	55	12.1

Appendix B - Continued

Classified Employees' Compa-ratio by Agency - 10/31/2011

Note: sorted alphabetically by Agency

Agency Name	Compa-Ratio 10/22/2010	Compa-Ratio 10/31/2011	Average Pay Rate	Average Policy Rate	Number of Classified Employees	Average Years of Service
Pharmacy Bd	86.9%	86.9%	$17.74	$20.41	9	10.5
Prof Eng & Land Surv Bd	95.8%	95.8%	$17.19	$17.94	2	11.2
Prof-Tech Education	92.4%	92.2%	$15.02	$16.29	14	12.1
Public Television	83.7%	82.5%	$18.76	$22.73	48	13.4
Public Utilities Comm	85.8%	84.9%	$22.75	$26.81	36	13.9
Racing Comm	102.1%	102.1%	$22.25	$21.79	1	20.5
Real Estate Comm	79.2%	78.8%	$17.52	$22.24	12	6.8
Soil & Water Conservation	85.0%	80.3%	$20.96	$26.09	13	8.3
South Central Health District V	84.7%	86.0%	$18.31	$21.29	71	9.8
Southeast Health District VI	86.1%	88.5%	$19.03	$21.50	79	10.7
Southwest Health District III	89.0%	93.0%	$18.80	$20.22	86	8.8
State Police	101.9%	100.2%	$24.97	$24.90	463	12.1
Tax Appeals Bd	79.5%	79.5%	$24.02	$30.21	3	11.9
Tax Comm	81.1%	79.6%	$19.23	$24.16	398	11.3
Transportation	87.3%	86.5%	$19.43	$22.47	1689	14.2
Veterans Services	83.9%	83.4%	$15.32	$18.37	279	7.4
Veterinary Med Bd	71.4%	71.4%	$13.80	$19.33	1	14.8
Vocational Rehab	76.8%	76.4%	$14.75	$19.31	54	9.6
Water Resources	83.7%	83.5%	$23.27	$27.87	140	13.0
Totals	**83.4%**	**82.8%**	**$18.98**	**$22.92**	**12604**	**11.0**

Appendix C

Total Turnover of Classified Employees by Agency - FY2011

Includes **all** separations - voluntary, involuntary, layoff, retirement, transfer to other agency
Note: sorted alphabetically by Agency

Agency Name	Average Number of Classified Employees FY 2011	FY 2011 Separations	Turnover Rate FY 2011	Turnover Rate FY 2010
Accountancy Bd	3.0	0	0.0%	0.0%
Administration	121.5	21	17.3%	7.1%
Agriculture	159.0	16	10.1%	21.4%
Boise State University	583.0	67	11.5%	10.5%
Brand Inspector	28.0	5	17.9%	3.4%
Building Safety	109.0	15	13.8%	14.9%
Central Health District IV	109.5	11	10.0%	18.5%
Comm-Blind & Visually Impaired	39.0	5	12.8%	7.5%
Commerce	41.5	6	14.5%	16.5%
Commission For Libraries	37.0	4	10.8%	13.0%
Commission on Aging	8.5	5	58.8%	28.6%
Correction	1,487.5	245	16.5%	15.1%
Dentistry Bd	1.0	0	0.0%	0.0%
Eastern Idaho Health District VII	82.0	8	9.8%	12.9%
Eastern Idaho Tech College	38.0	4	10.5%	8.3%
Education Bd	2.0	1	50.0%	66.7%
Endowment Fnd Investment Bd	2.0	0	0.0%	0.0%
Environmental Quality	325.5	26	8.0%	8.9%
Finance	50.5	5	9.9%	8.0%
Financial Management	3.0	1	33.3%	0.0%
Fish & Game	520.5	29	5.6%	5.0%
Health & Welfare	2,682.0	367	13.7%	18.1%
Hispanic Commission	1.0	0	0.0%	0.0%
Historical Society	43.0	5	11.6%	11.5%
Human Resources	9.0	3	33.3%	19.0%
Idaho State University	609.5	84	13.8%	12.7%
Independent Living Council	4.0	4	100.0%	0.0%
Industrial Comm	74.5	12	16.1%	17.1%
Insurance	58.0	11	19.0%	16.7%
Juvenile Corrections	378.5	59	15.6%	16.4%
Labor	650.5	52	8.0%	7.3%
Lands	231.5	18	7.8%	11.5%
Lava Hot Springs	12.0	2	16.7%	19.0%
Lewis-Clark State College	130.0	12	9.2%	9.4%
Liquor Division	191.5	20	10.4%	10.7%
Lottery	11.0	1	9.1%	0.0%
Medicine Bd	8.0	1	12.5%	0.0%
North Central Health District II	41.5	6	14.5%	18.4%
Nursing Bd	5.5	0	0.0%	18.2%
Occupational Licenses	31.0	2	6.5%	6.5%
Office of Energy Resources	3.0	3	100.0%	18.2%
Outfitters & Guides	4.0	0	0.0%	0.0%
Panhandle Health District I	107.5	14	13.0%	14.8%
Pardons & Parole Comm	27.0	5	18.5%	0.0%
Parks & Recreation	133.0	11	8.3%	20.4%
PERSI	55.5	9	16.2%	8.8%

Appendix C - Continued

Total Turnover of Classified Employees by Agency - FY2011

Includes **all** separations - voluntary, involuntary, layoff, retirement, transfer to other agency
Note: sorted alphabetically by Agency

Agency Name	Average Number of Classified Employees FY 2011	FY 2011 Separations	Turnover Rate FY 2011	Turnover Rate FY 2010
Pharmacy Bd	9.0	0	0.0%	10.5%
Prof Eng & Land Surv Bd	2.0	0	0.0%	0.0%
Prof-Tech Education	15.0	1	6.7%	12.5%
Public Television	47.0	5	10.6%	6.2%
Public Utilities Comm	35.0	4	11.4%	11.1%
Racing Comm	1.0	0	0.0%	66.7%
Real Estate Comm	12.5	4	32.0%	7.1%
Soil & Water Conservation	12.5	4	32.0%	14.3%
South Central Health District V	74.5	9	12.1%	14.7%
Southeast Health District VI	81.5	7	8.6%	11.6%
Southwest Health District III	87.5	14	16.0%	13.2%
State Police	463.0	35	7.6%	7.2%
Tax Appeals Bd	3.0	0	0.0%	28.6%
Tax Comm	373.5	35	9.4%	11.2%
Transportation	1,712.5	162	9.5%	7.4%
Veterans Services	266.5	52	19.5%	19.3%
Veterinary Med Bd	1.0	0	0.0%	0.0%
Vocational Rehab	55.0	7	12.7%	13.4%
Water Resources	142.5	13	9.1%	8.8%
Totals	**12,647.5**	**1,527**	**12.1%**	**12.8%**

Appendix D

Voluntary Turnover of Classified Employees by Agency - FY 2011

Includes **voluntary separations**: Better Job, Compensation, Dissatisfied, Other, Personal, Transfer to Other Agency
Note: **excludes** entrance probation separations

Agency Name	Average Number of Classified Employees FY 2011	FY 2011 Voluntary Separations	Turnover Rate FY 2011	Turnover Rate FY 2010
Accountancy Bd	3.0	0	0.0%	0.0%
Administration	121.5	2	1.6%	3.2%
Agriculture	159.0	8	5.0%	11.6%
Boise State University	583.0	29	5.0%	4.4%
Brand Inspector	28.0	4	14.3%	0.0%
Building Safety	109.0	5	4.6%	5.8%
Central Health District IV	109.5	3	2.7%	6.2%
Comm-Blind & Visually Impaired	39.0	0	0.0%	5.0%
Commerce	41.5	3	7.2%	2.4%
Commission For Libraries	37.0	2	5.4%	7.8%
Commission on Aging	8.5	3	35.3%	19.0%
Correction	1,487.5	80	5.4%	6.4%
Dentistry Bd	1.0	0	0.0%	0.0%
Eastern Idaho Health District VII	82.0	3	3.7%	5.8%
Eastern Idaho Tech College	38.0	1	2.6%	2.8%
Education Bd	2.0	1	50.0%	33.3%
Endowment Fnd Investment Bd	2.0	0	0.0%	0.0%
Environmental Quality	325.5	13	4.0%	3.3%
Finance	50.5	3	5.9%	4.0%
Financial Management	3.0	0	0.0%	0.0%
Fish & Game	520.5	16	3.1%	2.0%
Health & Welfare	2,682.0	158	5.9%	5.8%
Hispanic Commission	1.0	0	0.0%	0.0%
Historical Society	43.0	2	4.7%	4.6%
Human Resources	9.0	1	11.1%	19.0%
Idaho State University	609.5	40	6.6%	7.1%
Independent Living Council	4.0	3	75.0%	0.0%
Industrial Comm	74.5	5	6.7%	11.8%
Insurance	58.0	6	10.3%	6.7%
Juvenile Corrections	378.5	31	8.2%	6.8%
Labor	650.5	14	2.2%	0.8%
Lands	231.5	8	3.5%	3.8%
Lava Hot Springs	12.0	0	0.0%	9.5%
Lewis-Clark State College	130.0	6	4.6%	7.8%
Liquor Division	191.5	7	3.7%	1.0%
Lottery	11.0	0	0.0%	0.0%
Medicine Bd	8.0	0	0.0%	0.0%
North Central Health District II	41.5	3	7.2%	11.5%

Voluntary Turnover of Classified Employees by Agency - FY 2011

Includes **voluntary separations:** Better Job, Compensation, Dissatisfied, Other, Personal, Transfer to Other Agency
Note: **excludes** entrance probation separations

Agency Name	Average Number of Classified Employees FY 2011	FY 2011 Voluntary Separations	Turnover Rate FY 2011	Turnover Rate FY 2010
Nursing Bd	5.5	0	0.0%	0.0%
Occupational Licenses	31.0	1	3.2%	6.5%
Office of Energy Resources	3.0	1	33.3%	0.0%
Outfitters & Guides	4.0	0	0.0%	0.0%
Panhandle Health District I	107.5	8	7.4%	7.4%
Pardons & Parole Comm	27.0	3	11.1%	0.0%
Parks & Recreation	133.0	6	4.5%	9.8%
PERSI	55.5	5	9.0%	3.5%
Pharmacy Bd	9.0	0	0.0%	0.0%
Prof Eng & Land Surv Bd	2.0	0	0.0%	0.0%
Prof-Tech Education	15.0	0	0.0%	0.0%
Public Television	47.0	1	2.1%	2.1%
Public Utilities Comm	35.0	2	5.7%	0.0%
Racing Comm	1.0	0	0.0%	0.0%
Real Estate Comm	12.5	1	8.0%	7.1%
Soil & Water Conservation	12.5	2	16.0%	0.0%
South Central Health District V	74.5	1	1.3%	9.3%
Southeast Health District VI	81.5	1	1.2%	5.8%
Southwest Health District III	87.5	4	4.6%	6.6%
State Police	463.0	6	1.3%	1.9%
Tax Appeals Bd	3.0	0	0.0%	0.0%
Tax Comm	373.5	12	3.2%	5.4%
Transportation	1,712.5	48	2.8%	1.6%
Veterans Services	266.5	21	7.9%	9.8%
Veterinary Med Bd	1.0	0	0.0%	0.0%
Vocational Rehab	55.0	1	1.8%	1.7%
Water Resources	142.5	7	4.9%	2.0%
Totals	**12,647.5**	**591**	**4.7%**	**4.8%**

Appendix E

FY 2012 Salary Structure (FY 2013 Proposed Salary Structure)

Note: The salary structure has remained the same since FY 2010 when the policy and maximum pay rates were increased by 3% to reflect market and allow for movement for those employees nearing the top of the range. The minimum pay rate has not increased since FY 2009 with the exception of pay grade D related to the new Federal minimum wage law in FY 2010.

	Hourly			Annual		
Pay Grade	Minimum	Policy	Maximum	Minimum	Policy	Maximum
D	$7.25	$10.06	$12.58	$15,080	$20,925	$26,166
E	$7.64	$11.24	$14.05	$15,891	$23,379	$29,224
F	$8.60	$12.65	$15.81	$17,888	$26,312	$32,885
G	$9.77	$14.37	$17.96	$20,322	$29,890	$37,357
H	$11.24	$16.54	$20.68	$23,379	$34,403	$43,014
I	$13.14	$19.33	$24.16	$27,331	$40,206	$50,253
J	$14.81	$21.79	$27.24	$30,805	$45,323	$56,659
K	$16.59	$24.41	$30.51	$34,507	$50,773	$63,461
L	$18.73	$27.55	$34.44	$38,958	$57,304	$71,635
M	$21.17	$31.15	$38.94	$44,034	$64,792	$80,995
N	$23.39	$34.42	$43.03	$48,651	$71,594	$89,502
O	$25.35	$37.30	$46.63	$52,728	$77,584	$96,990
P	$27.71	$40.78	$50.98	$57,637	$84,822	$106,038
Q	$30.51	$44.89	$56.11	$63,461	$93,371	$116,709
R	$33.85	$49.80	$62.25	$70,408	$103,584	$129,480
S	$37.96	$55.86	$69.83	$78,957	$116,189	$145,246
T	$42.88	$63.09	$78.86	$89,190	$131,227	$164,029
U	$48.72	$71.69	$89.61	$101,338	$149,115	$186,389
V	$55.69	$81.95	$102.44	$115,835	$170,456	$213,075

Appendix F

Department of Administration
Employee Benefit information

The State of Idaho currently offers employees a full range of group insurance plans including medical, dental, short and long term disability, and life insurance. In each of these categories, the State's benefits are comparable to group plans offered in the private sector. The State pays 91% of medical premiums for employees and dependents, approximately 45% of dental premiums for employees and dependents, and 100% of life and disability insurance for employees. Total State spending for these plans is approximately $176 million annually.

In 2009, the State implemented a pro-rata system for allocating the medical and dental premiums for part-time employees based on hours worked. The cost savings since the implementation of the pro-rata system are estimated between $2 million and $2.5 million.

The Department of Administration Office of Group Insurance is committed to continually working with State employees and insurance providers. As the economy improves, each group insurance plan will be reviewed for effectiveness and market competitiveness.

Appendix G

Market Related Changes to Address Specific Occupational Inequities - October 31, 2011

Note: A payline exception occurs when a higher pay grade is assigned to a job class, generally due to recruitment or retention issues. Payline exceptions are approved by the Administrator of the Division of Human Resources in accordance with Section 67-5309D (5), Idaho Code, which states that "When necessary to obtain or retain qualified personnel in a particular classification, upon petition of the department to the administrator containing acceptable reasons therefore, a higher temporary pay grade may be authorized by the administrator which, if granted, shall be reviewed annually to determine the need for continuance."

Class Code	Title	Number of Classified Employees in Classification	Pay Grade	Temporary Pay Grade
8930	Actuary		N	O
8521	Building Safety Inspector/Advisor	56	J	K
7203	Clinical Specialist	9	M	N
8014	ISP Sergeant	37	L	M
6572	Locksmith	3	G	H
7584	Nurse, Advanced Practice	12	M	N
7676	Nurse, Licensed Practical	101	H	I
7606	Nurse, Registered	77	K	L
7572	Nurse, Registered Manager	34	M	N
7574	Nurse, Registered Senior	109	L	M
7476	Pharmacist, Clinical	6	L	Q
7478	Pharmacy Services Specialist	2	K	P
7474	Pharmacy Services Supervisor	3	L	R
7209	Physician, Clinical Director - Community	2	Q	V
7211	Physician, Epidemiologist - State	1	Q	V
7207	Physician, Medical Clinic - Institution	2	Q	V
7208	Physician, Medical Director - Institution	2	R	V
7206	Physician, Psychiatric Specialty	3	O	V
7205	Physician, Public Health	*	P	V
5210	Strategic Business Analyst	3	O	P
7710	Therapist, Early Intervention	13	L	M
	Total	**475**	* Hired as Temporary Employees	

Appendix H

Glossary

Compa-ratio: The relationship between an employee's salary and the policy pay rate (market) of their job. For example: If an employee in pay grade K earns $16.59 per hour, and the policy pay rate (market) for pay grade K is $24.41, their compa-ratio is 68% (hourly rate divided by policy rate equals compa-ratio).

Classified Employee: Any person appointed to or holding a position in any department of the State of Idaho and subject to the provisions of the merit examination, selection, retention, promotion and dismissal requirements of Idaho Code, Title 67, Chapter 53.

Job Classification: A group of positions performing similar work that are in the same pay grade.

Maximum Pay Rate: Highest allowable salary of the pay grade.

Minimum Pay Rate: Lowest allowable salary of the pay grade.

Non-classified Employee: Any person appointed to or holding a position in any department of the State of Idaho and is exempt from Idaho Code, Title 67, Chapter 53 (merit examination, selection, retention, promotion and dismissal requirements) but subject to Idaho Code, Title 59, Chapter 16.

Pay Grade: Alphabetical indicator of pay range assigned to each job classification.

Payline Exception: A temporary assignment of a higher pay grade to a classification in order to address market related recruitment or retention issues.

Pay Range: The span between the minimum and maximum salaries.

Policy Pay Rate: The salary relative to the external labor market as determined by salary surveys of similar jobs. (The current policy pay rate reflects 2009 salary survey comparisons because the salary structure has not changed since 2009.)

Salary Structure: A chart listing the 19 pay grades and associated pay ranges (See Appendix E).

Salary Survey: Survey conducted with private and public employers to determine pay levels for specific jobs.

Specific Occupational Inequity: See Payline Exception.

Temporary Employee: A non-classified employee limited to working no more than one thousand three hundred eighty-five (1,385) hours during a twelve month period for any one agency (Ref. Idaho Code 67-5302(33)).

BEFORE THE

IDAHO PUBLIC UTILITIES COMMISSION

CASE NO. IPC-E-13-08

IDAHO POWER COMPANY

ATTACHMENT 2

THIS ATTACHMENT IS CONFIDENTIAL AND WILL BE PROVIDED TO THOSE PARTIES THAT HAVE SIGNED THE PROTECTIVE AGREEMENT